

## INITIATIVE 638

I, Ralph Munro, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copies of Initiative Measure No. 638, Initiative Measure No. 639, and Initiative Measure No. 640 are true and correct copies as they were received by this office.

**Reviser's note:** Multiple initiatives were certified by this certificate. Each is filed as a separate document.

1       AN ACT Relating to revenue and taxation; adding a new chapter to  
2 Title 84 RCW; repealing chapters 82.02, 82.03, 82.04, 82.08, 82.12,  
3 82.14, 82.14A, 82.14B, 82.16, 82.18, 82.19, 82.21, 82.23A, 82.23B,  
4 82.24, 82.26, 82.27, 82.29A, 82.34, 82.35, 82.36, 82.37, 82.38, 82.41,  
5 82.42, 82.44, 82.45, 82.46, 82.47, 82.48, 82.49, 82.50, 82.52, 82.56,  
6 82.60, 82.61, 82.62, 82.63, 82.64, 82.65, 82.65A, 82.80, 82.98, 83.100,  
7 83.110 RCW, including all chapters under Title 84, and all other  
8 session law bases to the extent of conflict, under the Revised Code of  
9 Washington 1994; prescribing penalties and making an appropriation.

10 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

11       NEW SECTION.   **Sec. 1.** We, duly registered Voters in the State of  
12 Washington, do hereby declare the existence of a CATASTROPHIC EMERGENCY  
13 that requires immediate action to protect our Citizens from further  
14 loss of our RIGHTS guaranteed by the Constitution of Washington State.  
15 Many of these rights are being denied us, through illegal actions of  
16 our ELECTED OFFICIALS, resulting in a complete breakdown of the  
17 POLITICAL, MORAL, and ECONOMIC STRUCTURES of our entire society.

1        THEREFORE, exercising the Legislative Powers reserved to ourselves  
2 to propose bills and laws to be enacted or rejected at the polls,  
3 independent of the Legislature, as set forth in ARTICLE 2. Sec., 1 of  
4 the CONSTITUTION OF THE STATE OF WASHINGTON, we do hereby declare that,  
5 the intent and purpose of THE 1% TRANSACTION TAX ACT is to establish A  
6 UNIFORM, DIRECT TAX ON ALL TAXABLE TRANSACTIONS of individuals and  
7 businesses in the State of Washington, as follows:

8        A. By repealing all RCW Chapters and Sections which grant to each  
9 established taxing district the power to levy and collect: property  
10 taxes, sales taxes, business and occupation taxes, state gasoline and  
11 fuel taxes, hotel and motel taxes, all fees for licenses and permits,  
12 including excise and special-purpose taxes, and all other taxes, tolls,  
13 fees, tributes, tallages, gabbelles, impost duties, customs, subsidies,  
14 aids, supplies, or any collected revenue known by any other name. The  
15 People of the State of Washington find that over the years our  
16 legislatures and governors have sewn a patchwork quilt of revenue law  
17 that does not warm our citizens evenly, nor cover some at all. We want  
18 a blanket that shelters all of us equally. It is a fact that our  
19 present taxing system is unable to raise the necessary revenues to pay  
20 for, even the basic governmental services of public education, health  
21 and human services, police and fire protection, or well maintained  
22 roads and bridges. Our combined public bonded indebtedness is rising  
23 to unmanageable levels; as our State and its cities and counties follow  
24 the intricate trails in our revenue code into a mortgaged future.

25        Taken individually, many of our revenue laws would be brilliant  
26 medicines for the body government, since we, the people, are the  
27 government. However, through our elected officials and their  
28 legislative actions, we have forced ourselves to swallow revenue remedy  
29 after revenue remedy, not noticing that the many tax prescriptions for  
30 adequate schools, safer streets, fluent transportation, etc., would  
31 lead to the greater illnesses of over-taxation, unequal participation,  
32 and deficient collection.

33        Constitutional provisions require that we not pass laws which grant  
34 immunities or privileges to some, the terms of which do not apply to  
35 all. Also, personal property can not be taxed by more than 1 percent  
36 of true and fair value of the property owned. We earn a dollar ... for  
37 owning that dollar we can not be taxed by the State and all its taxing

1 districts combined more than one cent. The Constitution defines  
2 property as anything of value whether tangible or intangible subject to  
3 ownership. Money is property! Yet we are not free to spend it in most  
4 cases unless we also pay up to forty (40) percent depending upon what  
5 we choose to purchase. Our property rights are being overrun by a  
6 taxation train, whose committee of engineers do not know the  
7 constitutional speed limit of one percent per year! Therefore, we must  
8 enforce our taxational speed limits, and apply them evenly, and on  
9 every byway of commerce.

10 B. By enacting A NEW CHAPTER UNDER TITLE 84 RCW, granting the  
11 State, the Counties, and the Cities the power, through their governing  
12 bodies, to levy and collect taxes on all taxable transactions occurring  
13 within their established taxing districts. The Revenue Department of  
14 the State of Washington shall establish, by general and uniform  
15 regulations, the procedures to be followed by each of the taxing  
16 districts in the Counties, the Cities, and the State itself, in the  
17 levying and the collection of the Transaction Tax. The Revenue  
18 Department shall also arrange for the transfer of the State's portion  
19 of the revenue collected in the Counties and the Cities, and the timely  
20 deposit of said funds in the Treasury of the State of Washington. The  
21 Transaction Tax created by this Act upholds the Constitutional  
22 limitation of 1% of the true and fair value of the property transacted,  
23 however, the tax-rate may be lowered, by the Revenue Department as set  
24 forth under Section 8-1, of this Act.

25 C. By granting complete AMNESTY to all who have in the years past,  
26 violated our State Constitution through evading their responsibility of  
27 sharing in the cost of Government. Naturally, they will be paying  
28 more, but what they do pay will be at the same low rate established for  
29 everyone. There are billions upon billions of transactions occurring  
30 in the marketplace daily, and with everyone participating in the  
31 payment of taxes on the transactions in which they are involved, our  
32 tax-base will be the broadest possible, with a tax-rate that could  
33 eventually be a fraction of one percent! Businesses will prosper, new  
34 jobs will be created; public services and institutions will be  
35 adequately funded; and THE STATE OF WASHINGTON CAN BECOME FINANCIALLY  
36 INDEPENDENT OF THE FEDERAL GOVERNMENT AND THE DICTATORIAL CONTROL IT  
37 NOW HAS OVER OUR VERY LIVES!

1       Our citizens will 'walk tall' in the knowledge that our DEBT-FREE  
2 status will restore our STATE'S RIGHTS, that are guaranteed us in The  
3 Constitution of The United States of America, as set forth on July 4,  
4 1776, by those 56 great patriots, who with a firm reliance on the  
5 protection of Divine Providence, mutually pledged to each other, their  
6 lives, their fortunes, and their sacred honor, as they signed The  
7 Declaration of Independence, culminating in our United States  
8 Constitution. A NEW HOPE will be generated in the hearts of The  
9 People; and the State of Washington will set an example for other  
10 states to follow.

11       NEW SECTION. Sec. 2. This chapter may be known and cited as The  
12 Transaction Tax Act of 1995.

13       NEW SECTION. Sec. 3. DEFINITIONS, as used in the Chapter:

14       (1) "Tax" means any pecuniary burden levied and collected by any  
15 taxing authority for public use or purpose excluding fines levied as  
16 penalties for offenses.

17       (2) "Taxable year" means the calendar year January 1st through  
18 December 31st.

19       (3) "Transaction" or "Transacted" means the act of transferring  
20 ownership or control of taxable property from one owner to another by  
21 whatever means, whether by sale, by loan, by barter or contract, or by  
22 the giving or receiving (without purchasing) taxable property, tangible  
23 or intangible, as a gift.

24       (4) "Taxable property" means all moneys and the current dollar-  
25 value of things other than money, whether tangible or intangible,  
26 subject to ownership or control, at the time of a taxable transaction.

27       (5) "Barter" means the exchange of taxable property from one owner  
28 to another; usually, a trade without the involvement of money.

29       (6) "Taxpayer" means any individual or business in the State of  
30 Washington, that receives money or other taxable property, as a gift or  
31 as the seller of goods or services in any taxable transaction.

(7) "Taxing district" means (a) The State of Washington, (b) the individual Counties, and (c) all incorporated Cities authorized to levy taxes under this Chapter.

(8) "Business" means and includes every individual, partnership, corporation, association, trust, foundation, joint venture, club, company, joint stock company, holding company, public or private institution, and any branch thereof participating in any transaction as a seller of taxable property wherever transacted.

(9) "Branch" means any division, subdivision, agent, representative, facility (either electronic or mechanical), in the State of Washington receiving taxable property for any parent business wherever located.

(10) "Hope" means desire with the expectation of fulfillment.

NEW SECTION. **Sec. 4.** Taxing districts shall uniformly lay and collect taxes on all taxable property received by each taxpayer within the boundaries of the district. The tax rate shall be levied equally upon the Taxable property received by each individual person and business or branch thereof within each taxing district.

NEW SECTION. **Sec. 5.** The limit of the tax levy by any one taxing district shall be 1/2 of one percent (prorated between overlapping districts) against all taxable property received by each taxpayer during any one taxable year. The aggregate of all tax levies against an individual or business, by the State and each taxing district, shall not exceed one percent of the true value of the taxable property received as a seller of taxable property and consistent with the Washington State Constitution, with respect to port and utility districts, relating to levy limitations.

NEW SECTION. **Sec. 6.** Each taxpayer participating in a barter transaction receiving taxable property shall be subject to the tax levy based on the market dollar value of the property received from this transaction, since both are 'sellers'.

NEW SECTION. **Sec. 7.** Each taxpayer shall, on or before February first of each year, file a certified declaration of the total dollar

1 value received as a seller of taxable property during the preceding  
2 calendar year. However, the first declaration after the effective date  
3 of this act shall include only the six months of July through December  
4 of the previous calendar year.

5 NEW SECTION. **Sec. 8-1.** A flat rate tax of one percent shall be  
6 levied upon the total dollar value of all taxable property transacted  
7 within the boundaries of each taxing district authorized to levy taxes  
8 on property (prorated between overlapping taxing districts). This levy  
9 rate shall commence on July 1st of the enactment year of this law and  
10 continue until all bonded indebtedness has been eliminated throughout  
11 the State, after which, the Revenue Department shall use the following  
12 method to establish a tax levy rate to be adopted for each succeeding  
13 taxing biennium: The total dollar value of all taxable transactions  
14 within each taxing district during the preceding two calendar years, is  
15 to be divided into the dollar total of the approved biennial budgets of  
16 all taxing districts. The percentage result will create the new tax  
17 levy rate for each succeeding two year period. However, the tax rate  
18 for ANY BIENNIUM, IS NEVER TO EXCEED THE CONSTITUTIONAL ANNUAL RATE  
19 LIMITATION OF 1%.

20 NEW SECTION. **Sec. 8-2.** The State Legislature shall provide for  
21 the establishment of a special fund from the State's portion, of the  
22 Transaction Tax, to be divided equally and used only for state wide  
23 BASIC EDUCATION and HEALTH CARE PROGRAMS.

24 NEW SECTION. **Sec. 9.** All money collected in excess of the  
25 approved budgets of each taxing district shall be used to reduce any  
26 outstanding indebtedness before applying it to lower the forthcoming  
27 budget of the district. Prevailing bond commitment repayment  
28 schedules, of each taxing district shall prevail over all budget  
29 expenditures.

30 NEW SECTION. **Sec. 10.** The combined tax levy shall be collected  
31 from each business on a monthly basis. This requirement may be  
32 uniformly modified by the Director of Revenue, at the Director's  
33 discretion, forty-eight months after the effective date of this act.

1        NEW SECTION.    **Sec. 11.**    Upon the written request from an employee,  
2 each employer shall withhold on a monthly basis, the combined state and  
3 local taxing districts' levies against all taxable property paid to  
4 each/every member of the firm or business, and to each employee, or  
5 others receiving money or other taxable property, in exchange for  
6 services (tangible or intangible) performed for the employer. All  
7 taxes withheld by the employer shall be transmitted to the designated  
8 taxing authorities, on a monthly basis, and credited to each taxpayer,  
9 as prepaid taxes. An annual statement showing the total amount of  
10 prepaid taxes withheld, is to be furnished to each employee, by the  
11 employer.

12        NEW SECTION.    **Sec. 12.**    Each individual taxpayer who is not covered  
13 under Section 11, of this act or who has not paid the tax in full,  
14 shall pay the tax on or before July 1, of each year for the preceding  
15 calendar year, based on the total amount of taxable property received  
16 during the preceding calendar year.

17        NEW SECTION.    **Sec. 13.**    It is unlawful for any person to reveal,  
18 disclose, or divulge any information concerning any taxpayer's return  
19 to anyone except those charged with the responsibility of processing or  
20 handling such information. A violation of this section constitutes a  
21 gross misdemeanor.

22        NEW SECTION.    **Sec. 14.**    It is unlawful for any taxpayer to  
23 intentionally fail or refuse to comply with the provisions of this  
24 chapter. A violation of this section shall constitute a gross  
25 misdemeanor.

26        NEW SECTION.    **Sec. 15.**    A five percent per month penalty shall be  
27 assessed against any taxpayer for failure to pay the levied tax within  
28 thirty days after the due date thereof.

29        NEW SECTION.    **Sec. 16.**    The Department of Revenue shall be  
30 responsible for and is hereby authorized to adopt rules and uniform  
31 procedures to carry out the requirements of this chapter. The  
32 provisions of chapter 82.32 RCW, insofar as applicable and not  
33 inconsistent therewith, shall apply to this chapter.

1        NEW SECTION.    **Sec. 17.**    There is appropriated from the general fund  
2    to the Department of Revenue, immediately after the certification of  
3    the passage of this act, the sum of one hundred million dollars, or so  
4    much thereof as may be necessary, to carry out the provisions of this  
5    act.

6        NEW SECTION.    **Sec. 18.**    In order to assure the sanctity of the  
7    PEOPLE'S VOTE on this issue, PAPER BALLOTS, as set forth under RCW  
8    29.01.006 (effective January 1, 1995) and 29.04.210, shall be used  
9    statewide, at all precincts including all ABSENTEE BALLOTS.

10       NEW SECTION.    **Sec. 19.**    If any provision of this act or its  
11   application to any person or circumstance is held invalid, the  
12   remainder of the act or the application of the provision to other  
13   persons or circumstances is not affected.

14       NEW SECTION.    **Sec. 20.**    This Chapter supersedes those sections or  
15   portions of sections, that are in conflict with this Chapter at the  
16   time of its official validation.

17       NEW SECTION.    **Sec. 21.**    The following chapters and their session  
18   law bases are each repealed, effective with the enactment and  
19   certification of this act: 82.02, 82.03, 82.04, 82.08, 82.12, 82.14,  
20   82.14A, 82.14B, 82.16, 82.18, 82.19, 82.21, 82.23A, 82.23B, 82.24,  
21   82.26, 82.27, 82.29A, 82.34, 82.35, 82.36, 82.37, 82.38, 82.41, 82.42,  
22   82.44, 82.45, 82.46, 82.47, 82.48, 82.49, 82.50, 82.52, 82.56, 82.60,  
23   82.61, 82.62, 82.63, 82.64, 82.65, 82.65A, 82.80, 82.98, 83.100,  
24   83.110, including, all chapters under Title 84, and other chapters and  
25   their session law basis, to the extent of conflict, under the Revised  
26   Code of Washington 1994; prescribing penalties and making an  
27   appropriation.

28       NEW SECTION.    **Sec. 22.**    SECTIONS 1 THROUGH 22 OF THIS ACT SHALL  
29   CONSTITUTE A NEW CHAPTER IN TITLE 84 RCW.

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